

Message Text

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15

ACTION IO-13

INFO OCT-01 EA-11 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01 OIC-04

NEA-10 EUR-25 RSR-01 /196 W
----- 080965

R 020658 Z APR 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2769

AMEMBASSY BANGKOK

INFO USMISSION USUN

LIMITED OFFICIAL USE TOKYO 3879

E. O. 11 652: N/A

TAGS: PFOR ECON ECAFE

SUBJ: RED: ECAFE: 29 TH SESSION: AGENDA ITEM NINE: GOJ
POSITION ON ASIAN RESERVE BANK

REF BANGKOK 5002

SUMMARY: GOJ HAS NOT YET DEVELOPED FINAL POSITION ON PROPOSED
ARB.

FONOFF DOES NOT ANTICIPATE ANY COMMITMENT TO IT AT FORTHCOMING
SESSION. MOF, STILL STUDYING TECHNICAL ASPECTS OF BANK PROPOSAL,
REMAINS SKEPTICAL ABOUT IT BUT REALIZES THERE IS CONSIDERABLE
PRESSURE BY SOME ECAFE MEMBERS TO ESTABLISH IT BEFORE END OF
1973. MOF SEES NO REASON FOR TRYING TO MEET THIS SHORT DEAD-
LINE. END SUMMARY.

1. FONOFF (SEO, HEAD, ECONOMIC AFFAIRS DIV., UN BUREAU)
DOES NOT ANTICIPATE GOJ WILL MAKE COMMITMENT TO ARB AT FORTHCOMING
ECAFE SESSION. MOF BUREAU OFFICIAL RESPONSIBLE FOR THIS MATTER
INFORMED FINATT THAT IT HAS HAD VERY HECTIC TIME IN RECENT
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WEEKS RELATING TO C-20 MEETINGS. STUDY OF TECHNICAL ASPECTS OF ASIAN RESERVE BANK SCHEME HAS THEREFORE BEEN DELAYED.

2. MOF BUREAU PAST POSITION HAS BEEN THAT SUCCESS OF BANK DEPENDS ON RESOLVING MANY TECHNICAL PROBLEMS. FOR EXAMPLE, INTEREST PAID ON DEPOSITS MUST BE HIGH ENOUGH TO ATTRACT FOREIGN FUNDS BUT QUESTION IS WHETHER LOW RATE OF INTEREST ON LIQUID INVESTMENTS WILL ENABLE BANK TO BREAK EVEN. IN ADDITION, CAN BANK CONFINE ITSELF TO PROVIDING ONLY SHORT- TERM BALANCE OF PAYMENTS ASSISTANCE WHEN MOST PROBLEMS OF MEMBER COUNTRIES ARE RELATED TO SHORTAGE OF LONG-TERM AID FUNDS. MOF BELIEVES THAT UNTIL TECHNICAL AND FEASIBILITY ASPECTS HAVE BEEN DISCUSSED AND RESOLVED, IT IS NOT FRUITFUL TO BEGIN CONSIDERATION OF POLITICAL ASPECTS. THOSE ALSO HIGHLY COMPLICATED, E. G. RELATION OF VARIOUS COUNTRIES TO THE SCHEME, ETC. FINALLY, MOF FEELS IT PREMATURE TO SET UP REGIONAL RESERVE BANK UNTIL ITS ROLE IN THE ENTIRE MONETARY SYSTEM CAN BE MORE CLEARLY DETERMINED. THIS DEPENDS ON OUTCOME OF C-20 AGREEMENT.

3. COMMENT. EMBASSY TRANSMITTED USG POSITION ON ARB (DEPT A-402 , JAN 16, 1973) TO FONOFF AND MOF IN JANUARY. USG POSITION PROBABLY ONE FACTOR IN MOF' S RELATIVE LACK OF ENTHUSIASM. INGERSOLL

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Subject: RED: ECAF: 29 TH SESSION: AGENDA ITEM NINE: GOJ POSITION ON ASIAN RESERVE BANK
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IO
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